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SUBJECT: MFA PREVIEWS PRESIDENT HU'S TRIP TO THE UNITED STATES, SAUDI ARABIA, MOROCCO, NIGERIA AND KENYA

Summary

1. During a special April 14 MFA press briefing, Vice Foreign Minister Yang Jiechi previewed President Hu Jintao's April 18-29 visits to the United States, Saudi Arabia, Morocco, Nigeria and Kenya. Beijing stands ready to strengthen mutual trust and cooperation with the United States and address U.S. concerns. Highlighting the USD 16.21 billion worth of contracts signed by U.S. and Chinese firms during Vice Premier Wu Yi's trip to the United States, VFM Yang stressed that such cooperation shows the two countries can properly handle trade frictions through dialogue. China hopes Washington will earnestly honor its commitments on Taiwan and refrain from sending the "wrong signals" to Taiwan secessionist forces. VFM Yang expressed Beijing's concern over Iran's recent announcement about its uranium enrichment activities. China has adopted a series of measures that demonstrate its commitment to the path of peaceful development. President Hu will address the Saudi Arabian Consultative Council and Nigerian Parliament and visit the UN Human Settlements Program and the UN Environmental Program offices in Kenya. End Summary.

Hu Visit in Midst of Expanding Bilateral Cooperation

2. During a special April 14 MFA press briefing, Vice Foreign Minister Yang Jiechi previewed President Hu Jintao's visits to the United States April 18-21, Saudi Arabia April 22-24, Morocco April 24-26, Nigeria April 26-27 and Kenya April 27-29. VFM Yang stressed the significance of President Hu's U.S. visit, asserting that bilateral relations are generally developing positively and noting the two Presidents' meetings last year and a series of other high-level exchanges. Foreign Minister Li Zhaoxing and Secretary Rice maintain regular contact, while parliamentary and military exchanges continue to increase. The two countries have made progress in trade, counterterrorism, avian influenza prevention and other forms of cooperation and have coordinated effectively in handling Iran, North Korea, Iraq and Afghanistan issues. President Hu will meet with President Bush, other U.S. leaders, Members of Congress, state and municipal officials, businesspeople, academics and students. He will deliver a speech at Yale University expounding on China's domestic and foreign policies,

including Beijing's commitment to a "harmonious society." The speech will help people understand the importance of developing strategic and long-term relations with China.

¶3. Responding to reporters' questions, VFM Yang noted that President Hu will be accompanied by several dozen officials, including State Councilor Tang Jiaxuan, Foreign Minister Li, National Development and Reform Commission (NDRC) Minister Ma Kai and Minister of Commerce Bo Xilai. Neither People's Bank of China Governor Zhou Xiaochuan nor any military officials or entrepreneurs will travel with him. President Hu will meet leaders of the Seattle business community, including Microsoft Chairman Bill Gates. Asked why President Hu chose to speak at Yale University, VFM Yang remarked that China greatly appreciates the role played by American educational institutions in promoting U.S.-China exchanges, but due to time constraints President Hu could only visit one.

Bilateral Differences Should Be Properly Handled

¶4. Reflecting on the development of U.S.-China relations, VFM Yang commented that the foundation of U.S.-China cooperation is making the most of opportunities and challenges. Bilateral differences should be properly resolved on the basis of equality, mutual respect, international standards and the principles of the Three Joint Communiques. Beijing stands ready to strengthen mutual trust and cooperation with the United States and address each

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other's concerns in order to promote constructive and cooperative relations.

Taiwan Issue Most Important in U.S.-China Ties

¶5. VFM Yang highlighted that the Taiwan issue is the most important and sensitive issue in U.S.-China relations. China appreciates the U.S. commitments to its one-China policy, the Three Joint Communiques and opposition to Taiwan independence. Beijing hopes Washington will earnestly honor its commitments, refrain from sending the "wrong signals" to Taiwan secessionist forces and work with China to counter secessionist activities. Taking such steps will enhance cross-strait peace and stability and serve the interests of China, the United States and the rest of the international community.

Economic and Trade Relations Are Mutually Beneficial

¶6. While noting bilateral economic and trade frictions, VFM Yang remarked that China pays great attention to U.S. concerns over the trade imbalance. Vice Premier Wu Yi's business delegation to the United States visited 14 cities in 13 states, purchased a large amount of cotton, soybeans, electronics and other products, explored new business opportunities and signed USD 16.21 billion in contract agreements. Chinese airlines and Boeing signed a framework agreement for the purchase of 80 Boeing 787 aircrafts, and PRC companies will also reach deals to purchase U.S. software. These actions prove that the two countries can properly handle trade frictions through dialogue. Responding to a reporter's question on U.S. concerns over China's economic policies, VFM Yang stated that despite some different voices in the United States, mainstream U.S. opinion supports closer relations with the China, which has been demonstrated

by opinion polls. The American people and business community favor strengthening economic relations and properly handling frictions. VFM Yang expressed optimism that all U.S. concerns can be resolved through consultation.

17. Asked how President Hu will respond to expected U.S. pressure on currency revaluation, VFM Yang remarked that China maintains a market-based managed floating exchange rate regime, which fluctuates in relation to a basket of currencies. China will proceed with exchange rate reform in accordance with China's national conditions and the interests of the global economy. Beijing is prepared to explain its stance on the RMB exchange rate issue to the international community.

Discussions on Iran and North Korea

18. Asked by the AP correspondent how North Korea and Iran will figure into President Hu's discussions in the United States, VFM Yang expressed China's concern over Iran's recent announcement on its successful enrichment of uranium. Beijing hopes all the parties will remain calm and work for a peaceful resolution of the Iranian nuclear issue, as dialogue is better than confrontation. Turning to the DPRK nuclear issue, VFM Yang maintained that there have been some positive developments following the issuance of the Joint Statement last year. While the Six-Party Talks are currently facing difficulties, China hopes the parties will adopt a flexible approach and work for a resumption of the Talks. The denuclearization of the Korean Peninsula and safeguarding regional peace and stability serve all the parties' interests.

Concerns Over Human Rights and Military Transparency

19. The ABC News correspondent asked how China would respond to expected U.S. requests for the release of political prisoners, in particular Legal Permanent Resident (LPR) Yang Jianli and AmCit Jude Shao. VFM Yang asserted that China follows the rule of law and

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will handle these specific cases according to the law. Questioned by the NHK correspondent about U.S. criticism of China's lack of transparency, especially in military spending, VFM stated that following Chinese leaders' repeated explanations, the U.S. public has gained a clearer understanding of China's peaceful development path. Most Americans hope that President Hu's visit will help increase their understanding of China's policies. Military transparency is a relative and constantly changing concept. China has adopted a series of measures, such as issuing defense white papers and inviting foreign observers to its military exercises, which demonstrate Beijing's commitment to the path of peaceful development.

Energy Cooperation

110. Asked whether President Hu will sign an energy agreement during his U.S. visit, VFM Yang stated that the two countries regularly discuss energy cooperation. The Chinese Government maintains a mechanism for regular discussion of energy issues with both the U.S. Departments of State and Energy. There is significant potential for greater cooperation, especially in developing renewable energy sources and energy conservation. The two countries should create conditions for joint energy development in order to

ensure the stability of the global energy supply. Asked about energy discussions during President Hu's stops in Saudi Arabia and Nigeria, VFM Yang said that energy cooperation is one important component of China's bilateral economic relations. Energy cooperation is mutually beneficial and not aimed at harming any other country in the region. Responding to a reporter's question about U.S.-India nuclear energy cooperation, VFM Yang said Beijing welcomes improved U.S.-India relations, adding that the MFA Spokesperson has already commented on the two countries' nuclear cooperation.

President Hu's Other Destinations

¶11. Discussing President Hu's April 22-24 trip to Saudi Arabia, VFM remarked that Saudi Arabia exerts great influence in the Middle East and Arab world. During his recent visit to China, King Abdullah and President Hu reached an important agreement on promoting strategic, friendly and cooperative relations. The two countries share views and cooperate on many major international issues. Riyadh is Beijing's largest trading partner in the West Asia and North Africa region, with trade volume in 2005 totaling USD 16 billion. President Hu will meet with King Abdullah and Crown Prince Sultan and deliver a speech to the Consultative Council. The visit will further strengthen China-Saudi strategic relations, economic and trade cooperation and Beijing's ties to the Gulf Cooperation Council and the Arab world.

¶12. During President Hu's April 24-26 trip to Morocco, he will meet King Mohammed VI and other major leaders. The two countries will sign economic and trade, cultural and health agreements, VFM reported. China-Morocco trade in 2005 totaled USD 1.5 billion, a rise of 28 percent. While visiting Nigeria April 26-27, President Hu will hold talks with President Obasanjo and the Speaker of the Nigerian Parliament, where he will also deliver a speech on China's relations with Nigeria and Africa policies. The visit will help deepen mutual trust and the China-Nigeria strategic partnership. The two countries maintain cooperation in agriculture, infrastructure development, power and telecommunications. Bilateral trade increased 29 percent to USD 2.83 billion in ¶2005.

¶13. In addition to meeting with President Kibaki during his April 27-29 stop in Kenya, President Hu will visit the UN Human Settlements Program and the UN Environmental Program offices, VFM Yang noted. Kenya is committed to its one-China policy. Bilateral trade reached USD 474.57 million last year, and China has

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already completed USD 780 million of the 830 million worth of road and housing construction projects the two countries agreed upon in June 2005. Ten thousand Chinese tourists visited Kenya last year, China Radio International has opened a broadcasting station in Nairobi and China recently established the Confucius Institute at Nairobi University.
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